

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

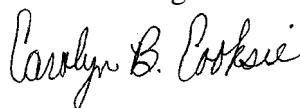
**Notice FLP-420**

1951-C, 1956-B

**For:** State and County Offices

**Servicing Department of Justice (DOJ) Judgment Debts**

**Approved by:** Deputy Administrator, Farm Loan Programs



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**1 Overview**

**A Background**

The Debt Collection Improvement Act of 1996 requires FSA to refer eligible debt to the Department of Treasury (Treasury) for possible collection through the Treasury Offset Program (TOP) and the cross-servicing program.

This notice applies to those accounts on which FSA has obtained a judgment. It does **not** apply:

- if FSA has requested a judgment, but court action is still pending
- to foreclosure judgments.

**B Purpose**

This notice:

- provides guidance to State and County Offices about servicing, monitoring, and canceling judgment debts
- continues the policy established in Notice FLP-307.

**C Contact**

Direct any questions about this notice to Mary Durkin, LSPMD, at 202-720-1658.

Disposal Date	Distribution
October 1, 2007	State Offices; State Offices relay to County Offices
4-7-06	

## 2 Monitoring Judgment Debts

### A Monitor Status

State Offices shall monitor the status of all judgments with DOJ, including the U.S. Attorneys' Office, to determine whether:

- any collections have been made on the judgment in the last 12 months (deficiency judgments and judgments on promissory notes **only**)
- the account has been referred to Treasury for TOP and/or cross-servicing.

### B Request Return

State Offices shall request that DOJ return judgments if **no** collections have been made by DOJ in the last 12 months.

## 3 Servicing Judgment Debts Retained by DOJ

### A Internal Administrative Offset

Under FSA and CCC offset regulations at 7 CFR Sections 792.7 and 1403.7, DOJ is **not** entitled to priority in requesting offset of FSA Farm Program payments. To achieve the greatest recovery on judgment debt, it is the policy of FLP to use its priority under these regulations whenever possible and appropriate. Therefore, State and County Offices shall:

- determine if the borrower will receive Farm Program payments and request written DOJ concurrence to pursue collection of these monies as applicable
- pursue internal administrative offset according to RD Instruction 1951-C after obtaining DOJ concurrence
- notify DOJ of all administrative offset collections received and applied to the judgment accounts.

### B TOP Referral

DOJ is responsible for referring judgment debts under its control to TOP and it is DOJ's policy to do so. When DOJ returns the case to FSA, it is withdrawn from TOP. If the U.S. Attorney's Office requests FSA to refer debts to TOP on DOJ's behalf, then contact Mary Durkin at 202-720-1658.

#### 4 Servicing Judgment Debts Returned by DOJ

##### A Servicing Accounts Returned by DOJ

Service accounts returned by DOJ according to the following table.

IF the judgment has...	THEN...
not expired	<ul style="list-style-type: none"> <li>• pursue internal administrative offset according to RD Instruction 1951-C, if collection of Farm Program payments is possible</li> <li>• refer the account to Treasury for offset and/or cross-servicing; State Offices shall: <ul style="list-style-type: none"> <li>• classify the account as currently <b>not</b> collectible by processing transaction code 3K with a class of writeoff code of 5, except for employee defalcations and third party judgments</li> <li>• submit FSA-1956-21 to KCFO, Loan Operations Division, Program Reporting Branch by FAX at 314-539-6266.</li> </ul> </li> </ul> <p><b>Note:</b> Mandatory cross-serving under 31 CFR 285.12 unless exception applies.</p>
expired (20 years from the date of judgment, unless renewed. If the U.S. Attorney states the judgment expired after 10 years, then consult your Regional OGC to determine if the judgment can be revived.)	<p>cancel the debt according to paragraph 5.</p> <p><b>Note:</b> Insert documentation in RD 1956-1, Part VIII, subparagraph 5 B.</p>

**5 Debt Settlement**

**A RD Instruction 1956-B**

Currently, RD Instruction 1956-B does not address the cancellation of judgment debts. New regulations are being developed to provide guidance on canceling judgment debts. Before the publication of the regulation, judgment debts shall be canceled similarly to Section 1956.70(c) which authorizes canceling nonjudgment debts.

**B RD 1956-1 Documentation**

Insert the following information, as appropriate, in RD 1956-1, Part VIII.

- The U.S. Attorney's file is closed.
- The judgment has expired (20 years after the judgment date, and the judgment is not renewed. If the U.S. Attorney states that the judgment expired after 10 years, then see subparagraph 4 A).
- The debt was returned from cross-servicing as uncollectible.

**C Releasing Judgment Lien by DOJ**

State Offices shall send notice to their U.S. Attorney's Office that it has canceled the debt that is the subject of a judgment lien (from a deficiency judgment or a judgment on the promissory note). The notice should request that this judgment lien be released.